

## **Buffalo Urban Development Corporation**

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### **Buffalo Urban Development Corporation** **Board of Directors Meeting**

**Date: Tuesday, November 30, 2021**  
**Via Conference Call**  
**Time: 12 Noon**

#### **1.0 CALL TO ORDER**

#### **2.0 READING OF THE MINUTES** *(Action) (Enclosure)*

#### **3.0 MONTHLY FINANCIAL REPORTS**

- 3.1 683 Northland Master Tenant, LLC Financial Statements *(Information)(Enclosure)*
- 3.2 BUDC Consolidated Financial Statements *(Action)(Enclosure)*

#### **4.0 NEW BUSINESS**

- 4.1 Appointment of Daniel Castle to BUDC Committees *(Action)*
- 4.2 Buffalo Lakeside Commerce Park - Sale to Zephyr Investors – Brownfield Cleanup Program  
*(Action)(Enclosure)*
- 4.3 Ralph C. Wilson, Jr. Centennial Park - Project Update *(Information)*
- 4.4 Buffalo Lakeside Commerce Park - Project Update *(Information)*
- 4.5 Northland Beltline Corridor Update *(Information)*
- 4.6 Race For Place Project Update *(Information)*
- 4.7 308 Crowley Project Update *(Information)*

#### **5.0 LATE FILES**

#### **6.0 TABLED ITEMS**

#### **7.0 EXECUTIVE SESSION**

#### **8.0 ADJOURNMENT** *(Action)*

Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President  
Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqah Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

**Minutes of the Meeting  
of the  
Board of Directors  
of  
Buffalo Urban Development Corporation**

**95 Perry Street  
Buffalo, New York  
October 26, 2021  
12:00 p.m.**

Directors Present:

Trina Burruss  
Daniel Castle  
James Comerford  
Janique S. Curry  
Dennis W. Elsenbeck  
Darby Fishkin  
Thomas Halligan  
Thomas A. Kucharski  
Amanda Mays  
Brendan R. Mehaffy  
Kimberley A. Minkel  
Dennis M. Penman (Vice Chair)  
Maria R. Whyte

Directors Absent:

Mayor Byron W. Brown (Chair)  
Michael J. Finn  
Dottie Gallagher  
David J. Nasca  
Darius G. Pridgen

Officers Present:

Brandye Merriweather, President  
Rebecca Gandour, Executive Vice President  
Mollie M. Profic, Treasurer  
Kevin J. Zanner, Secretary  
Atiqa Abidi, Assistant Treasurer

**Guests Present:** Tuona Batchelor, Erie County Department of Environment and Planning; Cristina Cordero, Gardiner & Theobald (via conference telephone); Jonathan D. Epstein, *The Buffalo News*; James Fink, *Buffalo Business First*; Alexis M. Florczak, Hurwitz & Fine, P.C.; Kevin Gulvin, Gardiner & Theobald (via conference telephone); Arthur Hall, BUDC Senior Project Manager; Antonio Parker, BUDC Project Manager, Seth Piccirillo, Buffalo Niagara Partnership; and Andrew Rabb, Deputy Commissioner, City of Buffalo Parks and Recreation.

**1.0** **Roll Call** – The Vice Chair called the meeting to order at 12:06 p.m. The Secretary called the roll and a quorum of the Board was determined to be present. Ms. Burruss joined the meeting during the presentation of agenda item 3.1. Ms. Curry joined the meeting during the presentation of agenda item 3.2. Ms. Whyte joined the meeting during the presentation of agenda item 4.1.

**2.0** **Approval of Minutes – Meeting of September 28, 2021** – The minutes of the September 28, 2021 meeting of the Board of Directors were presented. Ms. Minkel made a motion to approve the meeting minutes. The motion was seconded by Mr. Kucharski and unanimously carried (10-0-0).

**3.0** **Monthly Financial Reports**

**3.1 683 Northland Master Tenant, LLC Financial Statements** – Ms. Profic presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending September 30, 2021.

**3.2 BUDC Consolidated Financial Statements** – Ms. Profic presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending September 30, 2021. Ms. Fishkin made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Mr. Comerford and unanimously carried (11-0-0). Mr. Mehaffy left the meeting during the presentation of this item and was not present for the vote.

#### **4.0 New Business**

**4.1 2022 683 Northland Master Tenant Budget** – Ms. Profic presented the proposed 2022 budget for 683 Northland Master Tenant, LLC. This budget is presented for information purposes only. The budget projects a net cash increase of approximately \$249,131.

**4.2 2022 BUDC Proposed Budget & Three-Year Forecast** – Ms. Profic presented the proposed 2022 budget and 2023-2025 forecast. The Audit & Finance Committee met in September and October to review the proposed budget and is recommending approval of the proposed budget. Ms. Profic reviewed the budget narrative and the budgeted sources and uses of funds. Key projected revenue sources in 2022 include \$9,155,000 in grant revenue from the Ralph C. Wilson, Jr. Foundation for the Centennial Park project, \$3,300,000 in grant revenue from Empire State Development and the Restore NY program, rental income of \$2,002,000, and other miscellaneous income as set forth in the proposed budget. Ms. Profic then reviewed the specific sources and uses for each of the BUDC projects and corporate operations and the separate budget detail for the 683 Northland project. A discussion followed, with Ms. Profic addressing a question regarding depreciation. Mr. Eisenbeck then made a motion to approve the 2022 budget and the 2023-2025 forecast. The motion was seconded by Ms. Whyte and unanimously carried (12-0-0).

**4.3 Ralph C. Wilson, Jr. Centennial Park – MVVA CD Package #2** – Mr. Parker presented his October 26, 2021 memorandum regarding MVVA Construction Document Package #2 for the Centennial Park project. The BUDC Board of Directors previously approved an amendment to the Master Service Agreement between BUDC and Michael Van Valkenburgh Associates (MVVA) for the preparation of construction document package #2 for the Centennial Park Project. The Board's approval was made contingent on additional funding being secured and approved by the Board prior to MVVA commencing work on construction document package #2. Mr. Parker reported that BUDC, working with its project management team at Gardiner & Theobald and the Ralph C. Wilson, Jr. Foundation, has identified funding to satisfy this contingency. Ms. Curry made a motion to: (i) accept \$139,804 in grant funding from the Ralph C. Wilson, Jr. Foundation, which will be documented as an amendment to Wilson Grant #4; (ii) approve the funding for construction document package #2 and release the contingency as outlined in the October 26, 2021 memorandum and the Fourth Amendment to the Master Service Agreement; and (iii) authorize the President or Executive Vice President to execute such documents and take such actions as may be necessary to implement this action. The motion was seconded by Mr. Castle and unanimously carried (12-0-0).

**4.4 Ralph C. Wilson, Jr. Centennial Park – Project Update** – Mr. Parker presented a general update regarding the Centennial Park project. Construction is anticipated to begin in early 2022. Cristina Cordero and Kevin Gulvin of Gardiner & Theobald further briefed the Board regarding progress on the project. Mr. Castle asked about work to be completed in 2022. Mr. Rabb noted that

the Army Corp of Engineers is wrapping up preliminary work on the seawall, and that construction of the pedestrian bridge will be a significant focus in 2022. He also noted that sections of the park will be closed during the bridge construction work, while other portions of the park will remain accessible. Ms. Gandour indicated that a public meeting will take place on November 10<sup>th</sup> to provide a general project update to the public. Ms. Whyte asked about ongoing use of the athletic fields during construction. Mr. Rabb indicated that the athletic fields will be closed during portions of the construction. Mr. Penman commented on the importance of public communications. Mr. Rabb indicated that the City of Buffalo, working with BUDC and UBRI, is working to ensure that public communications and community engagement continue, and he further noted that the conservancy that was recently formed for the park will take on this role over time.

**4.5 Buffalo Lakeside Commerce Park – Project Update** – Ms. Gandour circulated an updated marketing flyer for Buffalo Lakeside Commerce Park which shows the recent land sale to Uniland. She thanked Invest Buffalo Niagara for assisting with the flyer update. She then presented the following update regarding BLCP matters:

Zephyr Investors Update: Zephyr presented its project to the City of Buffalo Planning Board on October 25<sup>th</sup>.

255 Ship Canal Parkway: Uniland has received necessary permits and completed its purchase of the solar panels to be installed at the site.

193 Ship Canal Parkway: GW Burnett continues to be interested in the parcel and is coordinating with the NYSDEC with respect to the Brownfield Cleanup Program.

**4.6 Northland Beltline Corridor Update** – Mr. Hall presented the Northland Beltline Corridor Project update as follows:

Northland Central – NWTC/ESD/BUDC Memorandum of Understanding: The company that completed the initial inventory of equipment is scheduling an inventory update for November 1<sup>st</sup>.

EDA Build Back Better Application: The Economic Development Administration (EDA) launched the Build Back Better program to help communities recover after the Coronavirus pandemic. Empire State Development and UBRI have collaborated with BUDC to apply for funding, and BUDC was invited to submit a response to phase I of the application process. The 631 Northland, 537/541 E. Delavan and the solar microgrid project have been submitted for funding.

Northland Video Series (“A Neighborhood of Opportunity Video”): BUDC helped initiate a marketing series for the Northland Beltline Corridor to showcase the campus through 60 to 90 second videos to be shared on social media and at community events. The first of three videos features Mayor Brown, Northland Workforce Training Center students, Manna Culinary, community residents and opportunities on the Northland campus.

683 Northland: The Restore NY V #3 reimbursement request has been approved in the amount of \$372,374.95. BUDC staff is continuing to coordinate with the City to secure this reimbursement.

Solar Microgrid (Substation): Frey Electric recently met with Zang Agency to discuss and clarify the substation proposal and engineering details. Additional project meetings have been scheduled for this week.

Management/Maintenance: Mancuso Development Group is preparing a non-binding lease term sheet to submit to Garwood Medical for 612 Northland. The five-year lease renewal with Well Worth

Products has been executed by the parties. Manna is moving toward competing its second year of operation as of October 31<sup>st</sup>. Installation of snow guards at the red shed building has been completed. BUDC is working with the City of Buffalo Department of Permits and Inspections regarding the code violation at 714 Northland. The Chelsea Lot cleanup has been initiated, and parking bumpers have been returned to their proper locations prior to the start of plowing season.

Community Outreach: The Northland Beltline Taxpayers Association postponed the indoor activities portion of the Fall Harvest Festival. There will be outdoor activities only for this event, including a “Trunk or Treat”. The festival will be held on October 30<sup>th</sup> from 2:00 p.m. to 6:00 p.m.

Business Network Series: The Northland Business Network Series will be held on October 28<sup>th</sup> at 6:00 p.m. The theme of this event is “Restore, Rebuild, Revive.”

**4.7 Race for Place Project Update** – Ms. Merriweather presented an update regarding BBRP and the Race for Place initiative. The review and selection process for the Mohawk Ramp project is ongoing, and an announcement is anticipated soon. The Loan Committee continues to discuss revamping BUDC’s loan program to better support transformational projects, including projects that include affordable housing, small businesses and public realm improvements. The Queen City Pop-Up holiday market will return this year, with vendor applications to be released soon. A Buy Black Buffalo event is taking place on October 28<sup>th</sup>, with a lunch crawl and happy hour at participating downtown restaurants.

**4.8 308 Crowley Project Update** – Ms. Merriweather reported that the Phase 1 demolition work continues to move forward and is almost complete. The City received bids for Phase 2 of the demolition work. Enterprise Folding Box is interested in purchasing additional land at 308 Crowley and a survey of the parcel is being prepared.

**5.0 Late Files** – None.

**6.0 Tabled Items** – None.

**7.0 Executive Session** – None.

**8.0 Adjournment** – There being no further business to come before the Board, the October 26, 2021 Board of Directors meeting was adjourned at 1:10 p.m.

Respectfully submitted,

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Kevin J. Zanner, Secretary

**683 Northland Master Tenant, LLC**  
**Financial Statements**  
October 31, 2021  
(Unaudited)

**683 NORTHLAND MASTER TENANT, LLC**  
**Balance Sheet**

| <b>ASSETS</b>                                    | <b>October<br/>2021</b> | <b>September<br/>2021</b> | <b>December<br/>2020</b> |
|--|-------------------------|---------------------------|--------------------------|
| <b>Current assets:</b>                           |                         |                           |                          |
| Cash   | \$ 30,284               | \$ 65,678                 | \$ 56,739                |
| Tenant receivable                                | 135,928                 | 151,410                   | 30,533                   |
| Prepaid expenses                                 | 125,344                 | 91,601                    | 90,355                   |
| <b>Total current assets</b>                      | <b>291,556</b>          | <b>308,689</b>            | <b>177,627</b>           |
| Prepaid rent - sublessee                         | 414,998                 | 406,616                   | 306,965                  |
| Prepaid leasing commission                       | 222,763                 | 210,871                   | 112,223                  |
| Tenant security deposits                         | 84,850                  | 84,850                    | 75,750                   |
| Cash reserves                                    | 365,937                 | 365,921                   | 375,784                  |
| Equipment, net                                   | 7,750                   | 7,750                     | 8,964                    |
| Prepaid rent - Master Lease Agreement            | 25,528,601              | 25,528,601                | 19,996,180               |
| <b>Total assets</b>                              | <b>\$ 26,916,455</b>    | <b>\$ 26,913,298</b>      | <b>\$ 21,053,493</b>     |
| <b>LIABILITIES &amp; MEMBERS' EQUITY</b>         |                         |                           |                          |
| <b>Current liabilities:</b>                      |                         |                           |                          |
| Accounts payable                                 | \$ 152,071              | \$ 153,182                | \$ 119,334               |
| Due to related parties                           | 337,363                 | 377,920                   | 381,281                  |
| <b>Total current liabilities</b>                 | <b>489,434</b>          | <b>531,102</b>            | <b>500,615</b>           |
| Operating deficit loan                           | 49,931                  | 49,931                    | 49,931                   |
| Tenant security deposits                         | 84,850                  | 84,850                    | 75,750                   |
| Deferred rent liability - Master Lease Agreement | 5,077,234               | 4,961,146                 | 3,916,352                |
| Deferred rent liability - sublessee              | 6,243,020               | 6,289,110                 | 6,703,913                |
| Distribution payable - priority return           | 113                     | 113                       | 148,209                  |
| <b>Total noncurrent liabilities</b>              | <b>11,455,148</b>       | <b>11,385,150</b>         | <b>10,894,155</b>        |
| <b>MEMBERS' EQUITY</b>                           | <b>14,971,873</b>       | <b>14,997,046</b>         | <b>9,658,723</b>         |
| <b>Total liabilities and net position</b>        | <b>\$ 26,916,455</b>    | <b>\$ 26,913,298</b>      | <b>\$ 21,053,493</b>     |

**683 NORTHLAND MASTER TENANT, LLC**  
**Income Statement**

**Year-to-Date For the Period Ended:**

|                                       | <u>October<br/>2021</u> | <u>September<br/>2021</u> | <u>December<br/>2020</u> |
|---------------------------------------|-------------------------|---------------------------|--------------------------|
| <b>Revenues:</b>                      |                         |                           |                          |
| Rental revenue                        | \$ 1,224,078            | \$ 1,099,214              | \$ 1,249,168             |
| Additional rental revenue             | 541,942                 | 488,390                   | 390,730                  |
| Interest and other revenue            | 217                     | 194                       | 556                      |
| Total revenues                        | <u>1,766,237</u>        | <u>1,587,798</u>          | <u>1,640,454</u>         |
| <b>Expenses:</b>                      |                         |                           |                          |
| Rent expense                          | 1,566,452               | 1,409,807                 | 1,879,742                |
| Payroll                               | 123,282                 | 114,132                   | 149,829                  |
| Utilities expense                     | 63,384                  | 62,577                    | 126,631                  |
| Insurance expense                     | 100,312                 | 90,154                    | 115,150                  |
| Professional fees                     | 70,795                  | 66,529                    | 52,206                   |
| Property management fee               | 55,850                  | 50,021                    | 49,861                   |
| Real estate taxes                     | 13,054                  | 13,054                    | 20,645                   |
| Repairs and maintenance               | 129,158                 | 112,401                   | 90,993                   |
| Asset management fee                  | 10,000                  | 10,000                    | 10,000                   |
| Miscellaneous expense                 | 103                     | 103                       | 7,232                    |
| Depreciation expense                  | 1,214                   | 1,214                     | 2,429                    |
| Total expenses                        | <u>2,133,604</u>        | <u>1,929,992</u>          | <u>2,504,718</u>         |
| Net loss                              | (367,367)               | (342,194)                 | (864,264)                |
| Members' equity - beginning of period | <u>9,658,723</u>        | <u>9,658,723</u>          | <u>7,494,530</u>         |
| Change in members' equity             | (367,367)               | (342,194)                 | (864,264)                |
| Members' capital contributions        | 5,680,517               | 5,680,517                 | 3,176,666                |
| Distributions                         | -                       | -                         | (148,209)                |
| Members' equity - end of period       | <u>\$ 14,971,873</u>    | <u>\$ 14,997,046</u>      | <u>\$ 9,658,723</u>      |



**683 NORTHLAND MASTER TENANT, LLC**  
**Statement of Cash Flows**

**Year-to-Date For the Period Ended:**

|   | <u>October<br/>2021</u> | <u>September<br/>2021</u> | <u>December<br/>2020</u> |
|---|-------------------------|---------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>                                    |                         |                           |                          |
| Net loss  | \$ (367,367)            | \$ (342,194)              | \$ (864,264)             |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                         |                           |                          |
| Depreciation  | 1,214                   | 1,214                     | 2,429                    |
| Decrease (increase) in assets:  |                         |                           |                          |
| Tenant receivables  | (105,395)               | (120,877)                 | 331,081                  |
| Prepaid insurance   | (34,989)                | (1,246)                   | (71,854)                 |
| Accrued rental income   | (108,033)               | (99,651)                  | (260,970)                |
| Prepaid leasing commission  | (110,540)               | (98,648)                  | (112,223)                |
| Prepaid rent - Master Lease Agreement   | 1,160,882               | 1,044,794                 | 1,445,129                |
| Increase (decrease) in liabilities:   |                         |                           |                          |
| Security deposit liability  | 9,100                   | 9,100                     | 36,300                   |
| Accounts payable  | 32,737                  | 33,848                    | 86,906                   |
| Due to related parties  | (43,918)                | (3,361)                   | 58,850                   |
| Deferred rent liability - sublessee   | (460,893)               | (414,803)                 | (580,483)                |
| <b>Net cash provided (used) by operating activities</b>                         | <u>(27,202)</u>         | <u>8,176</u>              | <u>70,901</u>            |
| <b>Cash flows from investing activities:</b>                                    |                         |                           |                          |
| Equipment purchases   | -                       | -                         | (3,912)                  |
| <b>Net cash used by investing activities</b>                                    | <u>-</u>                | <u>-</u>                  | <u>(3,912)</u>           |
| <b>Cash flows from financing activities:</b>                                    |                         |                           |                          |
| Members' contributions  | 5,680,517               | 5,680,517                 | 3,176,666                |
| Distributions   | (148,096)               | (148,096)                 | (105,026)                |
| Payments of prepaid rent under Master Lease Agreement                           | (5,532,421)             | (5,532,421)               | (3,071,640)              |
| <b>Net cash provided by financing activities</b>                                | <u>-</u>                | <u>-</u>                  | <u>-</u>                 |
| <b>Net increase (decrease) in cash</b>  | <b>(27,202)</b>         | <b>8,176</b>              | <b>66,989</b>            |
| <b>Cash and restricted cash - beginning of period</b>                           | <u>508,273</u>          | <u>508,273</u>            | <u>441,284</u>           |
| <b>Cash and restricted cash - end of period</b>                                 | <u>\$ 481,071</u>       | <u>\$ 516,449</u>         | <u>\$ 508,273</u>        |

**683 NORTHLAND MASTER TENANT, LLC**  
**Budget to Actual Comparison**

|                            | YTD<br>October<br>2021 | YTD<br>Budget<br>2021 | Variance       |
|----------------------------|------------------------|-----------------------|----------------|
| <b>Revenues:</b>           |                        |                       |                |
| Rental revenue             | \$ 1,224,078           | \$ 1,178,333          | \$ 45,745      |
| Additional rent revenue    | 541,942                | 435,833               | 106,109        |
| Interest and other revenue | 217                    | 417                   | (200)          |
| Total revenues             | <u>1,766,237</u>       | <u>1,614,583</u>      | <u>151,654</u> |
| <b>Expenses:</b>           |                        |                       |                |
| Rent expense               | 1,566,452              | 1,566,452             | 0              |
| Payroll                    | 123,282                | 124,000               | (718)          |
| Utilities                  | 63,384                 | 19,167                | 44,217         |
| Insurance                  | 100,312                | 102,500               | (2,188)        |
| Professional fees          | 70,795                 | 43,333                | 27,462         |
| Property management fee    | 55,850                 | 59,167                | (3,317)        |
| Real estate taxes          | 13,054                 | 41,667                | (28,613)       |
| Repairs and maintenance    | 129,158                | 94,167                | 34,991         |
| Asset management fee       | 10,000                 | 10,000                | -              |
| Miscellaneous              | 103                    | 4,167                 | (4,064)        |
| Depreciation               | 1,214                  | -                     | 1,214          |
| Total expenses             | <u>2,133,604</u>       | <u>2,064,618</u>      | <u>68,986</u>  |
| Net income (loss)          | \$ (367,367)           | \$ (450,035)          | \$ 82,668      |

**Budget variances:**

- Rental revenue represents base revenue for tenants. \$569,000 (46%) is noncash in the form of either prepaid rent or the straight line basis required by generally accepted accounting principles (GAAP). Base rent revenue is ahead of budget due to Garwood Medical & Bank on Buffalo subleases, which were not contemplated in the original budget.
- Additional rent represents amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc. This is ahead of budget due to tenants not included in original budget. Tenants were billed for 2020 adjustments.
- Utility costs are trending above budget. Costs incurred must be paid by the Master Tenant, then billed back to the tenants in the following month based on leased area.
- Professional fees are above budget year-to-date because some of the costs were unanticipated in the budget.
- Real estate taxes are below budget due lower than anticipated cost. County PILOT, first half of City PILOT and sewer rent are paid
- Repairs and maintenance includes building automation system costs (\$34,000), snow removal and landscaping.

**Buffalo Urban Development Corporation**  
**Consolidated Financial Statements**  
October 31, 2021  
(Unaudited)

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidated Statements of Net Position**  
**(Unaudited)**

|   | October<br>2021       | September<br>2021     | December<br>2020      |
|---|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                           |                       |                       |                       |
| <b>Current assets:</b>                  |                       |                       |                       |
| Cash                                    | \$ 3,279,522          | \$ 3,570,338          | \$ 370,072            |
| Restricted cash                         | 4,478,282             | 4,479,019             | 3,753,356             |
| Grants receivable                       | 11,246,027            | 11,496,027            | 13,649,610            |
| Other current assets                    | 6,660,403             | 6,748,694             | 7,152,726             |
| Total current assets                    | <u>25,664,234</u>     | <u>26,294,078</u>     | <u>24,925,764</u>     |
| <b>Noncurrent assets:</b>               |                       |                       |                       |
| Loans receivable                        | 9,666,400             | 9,666,400             | 10,416,400            |
| Equity investment                       | 178,051               | 178,051               | 178,051               |
| Capital assets, net                     | 109,435,342           | 109,774,145           | 112,835,377           |
| Land and improvement held for sale, net | 3,374,634             | 3,374,634             | 4,080,387             |
| Total noncurrent assets                 | <u>122,654,428</u>    | <u>122,993,230</u>    | <u>127,510,215</u>    |
| Total assets                            | <u>\$ 148,318,662</u> | <u>\$ 149,287,308</u> | <u>\$ 152,435,979</u> |
| <b>LIABILITIES</b>                      |                       |                       |                       |
| <b>Current liabilities:</b>             |                       |                       |                       |
| Accounts payable and accrued expenses   | \$ 613,628            | \$ 706,301            | \$ 874,573            |
| Lines of credit                         | 665,466               | 665,466               | 1,416,953             |
| Loans payable, current                  | -                     | -                     | 29,141,944            |
| Unearned grant revenue                  | 15,990,521            | 16,378,945            | 13,822,911            |
| Total current liabilities               | <u>17,269,615</u>     | <u>17,750,713</u>     | <u>45,256,381</u>     |
| Note payable                            | 257,381               | 257,381               | 257,381               |
| Deferred rent liability                 | 20,451,367            | 20,567,455            | 16,079,828            |
| Loans payable, noncurrent               | 24,267,009            | 24,264,750            | 14,099,750            |
| Total noncurrent liabilities            | <u>44,975,757</u>     | <u>45,089,586</u>     | <u>30,436,959</u>     |
| <b>NET POSITION</b>                     |                       |                       |                       |
| Net investment in capital assets        | 85,168,334            | 85,509,395            | 73,759,690            |
| Restricted                              | 3,639,226             | 3,639,217             | 4,020,554             |
| Unrestricted                            | <u>(2,734,270)</u>    | <u>(2,701,603)</u>    | <u>(1,037,605)</u>    |
| Total net position                      | <u>86,073,290</u>     | <u>86,447,009</u>     | <u>76,742,639</u>     |
| Total liabilities and net position      | <u>\$ 148,318,662</u> | <u>\$ 149,287,308</u> | <u>\$ 152,435,979</u> |

**Balance Sheet Notes:**

- Overall cash decreased due to typical monthly expenses.
- Grants receivable decreased due to receipt of grant funds during the month.
- Capital assets decrease is due to monthly depreciation expense.
- Lines of credit: balances at end of September are \$0 BUDC; \$665,466 683 Northland. 683 Northland took no advances during the month and BUDC's line is currently paid down.
- Unearned grant revenue decreased \$388,000 due to recognition of grant revenue.

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidated Statements of Revenues, Expenses**  
**and Changes in Net Position**  
**Year to Date (with Comparative Data)**  
**(Unaudited)**

|   | <u>October<br/>2021</u> | <u>September<br/>2021</u> | <u>December<br/>2020</u> |
|---|-------------------------|---------------------------|--------------------------|
| <b>Operating revenues:</b>                |                         |                           |                          |
| Grant revenue                             | \$ 2,849,292            | \$ 2,318,018              | \$ 8,816,375             |
| Brownfield funds                          | 30,528                  | 30,528                    | 171,903                  |
| Loan interest and commitment fees         | 95,996                  | 87,941                    | 152,597                  |
| Rental and other revenue                  | 14,498,309              | 14,329,051                | 2,033,807                |
| Proceeds from sale of land, net           | <u>(135,565)</u>        | <u>(135,565)</u>          | <u>-</u>                 |
| Total operating revenues                  | <u>17,338,560</u>       | <u>16,629,972</u>         | <u>11,174,682</u>        |
| <b>Operating expenses:</b>                |                         |                           |                          |
| Development costs                         | 346,771                 | 205,009                   | 5,294,325                |
| Adjustment to net realizable value        | 193,524                 | 189,519                   | 418,386                  |
| Salaries and benefits                     | 386,159                 | 347,770                   | 546,021                  |
| General and administrative                | 4,125,735               | 3,610,901                 | 2,091,258                |
| Management fee                            | 115,750                 | 107,550                   | 91,454                   |
| Depreciation                              | <u>3,482,092</u>        | <u>3,133,882</u>          | <u>4,198,380</u>         |
| Total operating expenses                  | <u>8,650,031</u>        | <u>7,594,632</u>          | <u>12,639,824</u>        |
| Operating income (loss)                   | <u>8,688,530</u>        | <u>9,035,341</u>          | <u>(1,465,142)</u>       |
| <b>Non-operating revenues (expenses):</b> |                         |                           |                          |
| Interest expense                          | (355,523)               | (330,828)                 | (933,410)                |
| Amortization expense                      | (50,451)                | (48,193)                  | (74,872)                 |
| Interest income                           | 628                     | 583                       | 1,278                    |
| Other income                              | <u>85,620</u>           | <u>85,620</u>             | <u>-</u>                 |
| Total non-operating revenues (expenses)   | <u>(319,726)</u>        | <u>(292,818)</u>          | <u>(1,007,004)</u>       |
| Change in net position                    | <u>8,368,804</u>        | <u>8,742,523</u>          | <u>(2,472,146)</u>       |
| Net position - beginning of period        | <u>76,742,639</u>       | <u>76,742,639</u>         | <u>78,603,896</u>        |
| Add: Capital contribution                 | 961,847                 | 961,847                   | 610,889                  |
| Net position - end of period              | <u>\$ 86,073,290</u>    | <u>\$ 86,447,009</u>      | <u>\$ 76,742,639</u>     |

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidating Statement of Net Position**  
**October 31, 2021 (Unaudited)**

|   | Buffalo Urban<br>Development<br>Corporation | 683 WTC, LLC  | 683 Northland<br>LLC | Eliminations (1) | Total          |
|---|---|---------------|----------------------|------------------|----------------|
| <b>ASSETS</b>                           |   |               |                      |                  |                |
| <b>Current assets:</b>                  |   |               |                      |                  |                |
| Cash                                    | \$ 3,169,497                                | \$ 52         | \$ 109,973           | \$ -             | \$ 3,279,522   |
| Restricted cash                         | 4,075,865                                   | -             | 402,417              | -                | 4,478,282      |
| Grants receivable                       | 11,246,027                                  | -             | -                    | -                | 11,246,027     |
| Other current assets                    | 7,478,945                                   | 1,515         | 132,359              | (952,415)        | 6,660,403      |
| Total current assets                    | 25,970,333                                  | 1,567         | 644,749              | (952,415)        | 25,664,234     |
| <b>Noncurrent assets:</b>               |   |               |                      |                  |                |
| Loans receivable                        | 61,853,679                                  | -             | -                    | (52,187,279)     | 9,666,400      |
| Equity investment                       | -   | 59,498,971    | -                    | (59,320,920)     | 178,051        |
| Capital assets, net                     | 8,078,844                                   | -             | 101,356,498          | -                | 109,435,342    |
| Construction in process                 | -   | -             | -                    | -                | -              |
| Land and improvement held for sale, net | 3,374,634                                   | -             | -                    | -                | 3,374,634      |
| Total noncurrent assets                 | 73,307,157                                  | 59,498,971    | 101,356,498          | (111,508,199)    | 122,654,428    |
| Total assets                            | \$ 99,277,490                               | \$ 59,500,538 | \$ 102,001,247       | \$ (112,460,614) | \$ 148,318,662 |
| <b>LIABILITIES</b>                      |   |               |                      |                  |                |
| <b>Current liabilities:</b>             |   |               |                      |                  |                |
| Accounts payable and accrued expense:   | \$ 584,456                                  | \$ 957,775    | \$ 23,812            | (952,415)        | (1)\$ 613,628  |
| Line of credit                          | -   | -             | 665,466              | -                | 665,466        |
| Loans payable, current                  | -   | -             | -                    | -                | -              |
| Unearned grant revenue                  | 15,990,521                                  | -             | -                    | -                | 15,990,521     |
| Total liabilities                       | 16,574,977                                  | 957,775       | 689,278              | (952,415)        | 17,269,615     |
| <b>Noncurrent liabilities:</b>          |   |               |                      |                  |                |
| Note payable                            | 257,381                                     | -             | -                    | -                | 257,381        |
| Deferred rent liability                 | -   | -             | 20,451,367           | -                | 20,451,367     |
| Loans payable, noncurrent               | 369,750                                     | 52,187,279    | 23,897,259           | (52,187,279)     | 24,267,009     |
| Total noncurrent liabilities            | 627,131                                     | 52,187,279    | 44,348,626           | (52,187,279)     | 44,975,757     |
| <b>NET POSITION</b>                     |   |               |                      |                  |                |
| Net investment in capital assets        | 7,709,094                                   | -             | 77,459,240           | -                | 85,168,334     |
| Restricted                              | 3,639,226                                   | -             | -                    | -                | 3,639,226      |
| Unrestricted                            | 70,727,062                                  | 6,355,484     | (20,495,896)         | (59,320,920)     | (2,734,270)    |
| Total net position                      | 82,075,382                                  | 6,355,484     | 56,963,343           | (59,320,920)     | 86,073,290     |
| Total liabilities and net position      | \$ 99,277,490                               | \$ 59,500,538 | \$ 102,001,247       | \$ (112,460,614) | \$ 148,318,662 |

(1) This represents activity between the entities to be eliminated for the consolidated financial statements.

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidating Statement of Revenues, Expenses and Changes in Net Position**  
**Year to Date October 31, 2021 (Unaudited)**

|   | Buffalo Urban<br>Development<br>Corporation | 683 WTC, LLC        | 683 Northland<br>LLC | Eliminations (1)       | Total                |
|---|---|---------------------|----------------------|------------------------|----------------------|
| <b>Operating revenues:</b>                |   |                     |                      |                        |                      |
| Grant revenue                             | \$ 2,849,292                                | \$ -                | \$ -                 | \$ -                   | \$ 2,849,292         |
| Brownfield funds                          | 30,528                                      | -                   | -                    | -                      | 30,528               |
| Loan interest and commitment fees         | 95,996                                      | -                   | -                    | -                      | 95,996               |
| Rental and other revenue                  | 158,863                                     | 12,719,974          | 1,619,473            | -                      | 14,498,309           |
| Proceeds from land sales, net             | (135,565)                                   | -                   | -                    | -                      | (135,565)            |
| Total operating revenue                   | <u>2,999,114</u>                            | <u>12,719,974</u>   | <u>1,619,473</u>     | <u>-</u>               | <u>17,338,560</u>    |
| <b>Operating expenses:</b>                |   |                     |                      |                        |                      |
| Development costs                         | 346,771                                     | -                   | -                    | -                      | 346,771              |
| Adjustment to net realizable value        | 193,524                                     | -                   | -                    | -                      | 193,524              |
| Salaries and benefits                     | 386,159                                     | -                   | -                    | -                      | 386,159              |
| General and administrative                | 3,917,081                                   | 5,360               | 203,294              | -                      | 4,125,735            |
| Management fee                            | 82,000                                      | -                   | 33,750               | -                      | 115,750              |
| Depreciation                              | -   | -                   | 3,482,092            | -                      | 3,482,092            |
| Total operating expenses                  | <u>4,925,535</u>                            | <u>5,360</u>        | <u>3,719,136</u>     | <u>-</u>               | <u>8,650,031</u>     |
| Operating income                          | <u>(1,926,421)</u>                          | <u>12,714,614</u>   | <u>(2,099,663)</u>   | <u>-</u>               | <u>8,688,530</u>     |
| <b>Non-operating revenues (expenses):</b> |   |                     |                      |                        |                      |
| Interest expense                          | (13,967)                                    | -                   | (341,556)            | -                      | (355,523)            |
| Amortization expense                      | -   | -                   | (50,451)             | -                      | (50,451)             |
| Interest income                           | 421   | 52                  | 156                  | -                      | 628                  |
| Other income                              | 85,620                                      | -                   | -                    | -                      | 85,620               |
| Total non-operating revenues (expenses)   | <u>72,073</u>                               | <u>52</u>           | <u>(391,852)</u>     | <u>-</u>               | <u>(319,726)</u>     |
| Change in net position                    | <u>(1,854,348)</u>                          | <u>12,714,666</u>   | <u>(2,491,515)</u>   | <u>-</u>               | <u>8,368,804</u>     |
| Net position - beginning of year          | 83,929,730                                  | (6,359,182)         | 44,635,017           | (45,462,926)           | 76,742,639           |
| Add: capital contributions                | -   | -                   | 14,819,841           | (13,857,994)           | 961,847              |
| Net position - end of period              | <u>\$ 82,075,382</u>                        | <u>\$ 6,355,484</u> | <u>\$ 56,963,343</u> | <u>\$ (59,320,920)</u> | <u>\$ 86,073,290</u> |

(1) This represents activity between the entities to be eliminated for the consolidated financial statements.

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Budget to Actual Comparison**  
**Year to Date October 31, 2021 (Unaudited)**

|   | YTD<br>October<br>2021 | YTD<br>Budget<br>2021 | Variance            |
|---|------------------------|-----------------------|---------------------|
| <b>Operating revenues:</b>                |                        |                       |                     |
| Grant revenue                             | \$ 2,849,292           | \$ 7,543,056          | \$ (4,693,763)      |
| Brownfield funds                          | 30,528                 | 69,167                | (38,639)            |
| Loan interest and commitment fees         | 95,996                 | 80,553                | 15,443              |
| Rental and other revenue                  | 14,498,309             | 1,673,371             | 12,824,939          |
| Proceeds from land sales, net             | <u>(135,565)</u>       | <u>(48,238)</u>       | <u>(87,327)</u>     |
| Total operating revenues                  | 17,338,560             | 9,317,908             | 8,020,652           |
| <b>Operating expenses:</b>                |                        |                       |                     |
| Development costs                         | 346,771                | 656,475               | (309,704)           |
| Adjustment to net realizable value        | 193,524                | -                     | 193,524             |
| Salaries and benefits                     | 386,159                | 444,716               | (58,556)            |
| General and administrative                | 4,125,735              | 4,930,719             | (804,984)           |
| Management fee                            | 115,750                | 85,833                | 29,917              |
| Depreciation                              | <u>3,482,092</u>       | <u>3,833,333</u>      | <u>(351,242)</u>    |
| Total operating expenses                  | <u>8,650,031</u>       | <u>9,951,077</u>      | <u>(1,301,046)</u>  |
| Operating income (loss)                   | 8,688,530              | (633,168)             | 9,321,698           |
| <b>Non-operating revenues (expenses):</b> |                        |                       |                     |
| Interest expense                          | (355,523)              | (607,229)             | 251,706             |
| Amortization expense                      | (50,451)               | (43,676)              | (6,775)             |
| Interest income                           | 628                    | 833                   | (205)               |
| Other income                              | <u>85,620</u>          | <u>-</u>              | <u>85,620</u>       |
| Total non-operating revenues (expenses)   | <u>(319,726)</u>       | <u>833</u>            | <u>85,415</u>       |
| Change in net position                    | <u>\$ 8,368,804</u>    | <u>\$ (632,335)</u>   | <u>\$ 9,407,113</u> |

**Budget variances:**

- Grant revenue relates to Ralph C. Wilson, Jr. Centennial Park and Northland Corridor Projects. The variance is due to lower grant revenue recognition than anticipated. Work at 541 E Delavan has been on pause and Centennial Park is in the Construction Documents phase.
- Rental and other revenue consists of recognition of prepaid rent income (straight-line basis) by 683 Northland LLC from 683 Northland Master Tenant, LLC, and rent income at properties other than 683 Northland Avenue. Also included is 2018 Brownfield tax credit refund to 683 WTC, LLC of \$12.7 million.
- Proceeds from land sales (net) is a result of the Crowley St. sale and the sale of 255 Ship Canal Parkway.
- Development costs consist of property/project-related costs (e.g. construction, operations and maintenance, legal and utility costs) related to projects along Northland Avenue. Some costs will be capitalized upon project completion.
- General and administrative costs consist of consultants, insurance, rents, audit, marketing and other G&A costs. Rents include BUDC offices, Buffalo Manufacturing Works base rent (per ESD grant agreement) and recognition of prepaid rent for Workforce Training Center. Consultant costs for Ralph C. Wilson, Jr. Centennial Park are also captured here, with the variance due mainly to timing.
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense represents cost of borrowing related to construction of 683 Northland and lines of credit of BUDC and 683 Northland LLC.
- Other income represents an inflow of resources from the forgiveness of BUDC's PPP loan.





**Item 4.2**

**MEMORANDUM**

**TO: BUDC Board of Directors**

**FROM: Rebecca Gandour, Executive Vice President**

**SUBJECT: Buffalo Lakeside Commerce Park - Sale to Zephyr Investors – Brownfield Cleanup Program**

**DATE: November 30, 2021**

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The BUDC Board of Directors previously approved the sale of 310 Ship Canal Parkway and 15, 24, 51, 70, 87, 125 and 126 Laborers Way to Zephyr Investors, LLC (“Zephyr”). The parties (along with Buffalo Lakeside Commerce Park-I, LLC (“BLCP-I”), a BUDC subsidiary) subsequently entered into a Land Sale Agreement (“LSA”) as of January 25, 2019, which has been amended several times.

Zephyr’s project is advancing. As was reported in local media outlets, Zephyr has submitted planning documents for Phase 1 of its project to the City of Buffalo Planning Board. Zephyr has also been engaged in discussions with the New York State Department of Environmental Conservation (NYSDEC) regarding opportunities for the project under the NYS Brownfield Cleanup Program (BCP). In that regard, Zephyr recently requested that BUDC execute consents to authorize Zephyr’s submission of BCP applications for the parcels located at 310 Ship Canal Parkway and 15 Laborer’s Way.

Through the course of several discussions with Zephyr representatives and its legal counsel, it was determined that a separate agreement documenting the terms and conditions upon which BUDC would consent to Zephyr’s submission of these parcels into the BCP was necessary. The parties to this agreement would include BUDC, BLCP-I, Zephyr and two newly-formed Zephyr affiliates who will serve as BCP applicants. The material terms of this proposed agreement are as follows:

- BUDC will authorize Zephyr and its affiliates to submit BCP applications for the parcels located at 15 Laborer’s Way and 310 Ship Canal Parkway.
- Zephyr and its affiliates will have limited access to the parcels and may conduct necessary environmental testing at the parcels in furtherance of the BCP applications.
- Access to the parcels and environmental testing protocols will be conducted consistent with the requirements of the Land Sale Agreement.
- Zephyr and its affiliates will promptly provide, at no cost to BUDC, copies of all reports, documents, data and information relating to the BCP program that is submitted to NYSDEC.

- Zephyr and its affiliates will not conduct any remedial activities at the parcels until after the closing of the land sale.
- Upon closing of the sale, Zephyr and/or its affiliates will have full access and authority to commence remedial activities at the parcels.
- Zephyr and its affiliates will indemnify and hold BUDC and BLCP-I harmless from all liabilities arising out of the participation by Zephyr and its affiliates in the BCP and any activities conducted on the parcels.
- The agreement is also expected to document Zephyr's assignment of the Land Sale Agreement to an affiliate and the assumption by the affiliate of Zephyr's obligations under the Land Sale Agreement.

This item was reviewed by the Real Estate Committee at its November 23, 2021 meeting and recommended for approval by the Board.

**Action:**

I am requesting that the Board of Directors (i) approve BUDC and BLCP-1 entering into a multi-party agreement with Zephyr Investors and its affiliates consistent with the terms set forth in this memorandum; (ii) consent to the submission by Zephyr's affiliates of Brownfield Cleanup Program applications for 15 Laborer's Way and 310 Ship Canal Parkway, following execution of the multi-party agreement; and (iii) authorize the President or Executive Vice President to execute the multi-party agreement, the BCP consents and such other documents as may be necessary to implement these actions.